

SHB *notification*

Subject: Rent Inflation Factor to be used in the calculation of Minimum Market Rent in 2003 fiscal year

Legislation/Regulation

Release 02-08

Operational

Starting with the 1997 fiscal year, the ministry developed an annual Rent Inflation Factor, which is to be used in the calculation of subsidy for projects subsidized under the Municipal Non-Profit Program (1978-1985).

The Rent Inflation Factor is used to determine the Minimum Market Rent that is expected to be charged. If a non-profit housing provider does not increase market rents by this rent inflation factor, it will be subject to a reduction in subsidy.

PROCEDURE

The applicable Rent Inflation Factor, from the attached 2002 list, is inserted on Line 441, page 3A, of the Municipal NP Operating Budget Form 819(01/95). When used in the budget, the factor is expressed as 1 plus a decimal number (e.g. 2.8% would be expressed as 1.028). The Rent Inflation Factor is then multiplied by the actual market rents charged in 2002 to determine the Minimum Market Rent for 2003.

If a provider feels that it cannot charge market rents at this Minimum Market Rent level, an application may be made to the Service Manager for an exemption when the 2003 budget is submitted. The application must include supporting evidence which clearly demonstrates the inability to charge the Minimum Market Rent.

ACTION REQUIRED

- Municipal Non-Profit Housing Providers (1978 - 1985) are to use the attached 2003 Rent Inflation Factors to determine the Minimum Market Rent level for the 2003 market rents.
- If an exemption from the Minimum Market Rent level is required, an application must be submitted to the Regional Office along with the 2003 budget. The application must include evidence to clearly support the inability to charge the Minimum Market Rent.

If you require additional information, please contact your Service Manager.

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Director, Social Housing Branch

Attachment: 2003 Rent Inflation Factors